

## Message Text

LIMITED OFFICIAL USE

PAGE 01 LA PAZ 07299 151246Z

73

ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 OPIC-03 SP-02

CIEP-01 OMB-01 AGR-05 /051 W  
----- 121545

R 151150Z SEP 76

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 2343

LIMITED OFFICIAL USE LA PAZ 7299

E.O. 11652: N/A

TAGS: BPRO BL

SUBJ: EX-IM BANK GUARANTEE TO COVER SALE OF AGRICULTURAL EQUIP-  
MENT TO CORDEPAZ

REF: A. STATE 200681, B. LA PAZ 6002, C. STATE 119483, D. STATE  
224578

1. SUBJECT PROJECT IS FOR THE AGRICULTURAL PART OF CORDEPAZ SUGAR MILL PROJECT IN SAN BUENAVENTURA WHICH HAS BEEN SUBJECT OF PREVIOUS COMMUNICATIONS (SEE REFS B, C AND PREVIOUS) WITH RESPECT TO THE BUILDING OF THE SUGAR MILL ITSELF. OUR UNDERSTANDING IS THAT A CONSULTING FIRM HAS RECENTLY COMPLETED A NEW FEASIBILITY STUDY FOR THE ENTIRE PROJECT. A REPRESENTATIVE OF ONE OF US FIRMS IN GROUP HEADED BY NATIONAL PLANNING CORPORATION BIDDING ON SUGAR MILL ADVISED EMBOFF SEPT 13 THAT HE HAD OBTAINED COPY OF FEASIBILITY STUDY AND WOULD PRESENT IT TO NATIONAL PLANNING CORPORATION OFFICER LATE THIS WEEK AND THAT NATIONAL PLANNING WILL PROBABLY AGAIN RAISE SUBJECT OF EX-IM BANK PARTICIPATION IN FINANCING FOR THE SUGAR MILL.

2. EMBASSY PERCEIVES NO POLITICAL OR OTHER OBJECTIONS TO EX-IM BANK GUARANTEE FOR SUBJECT AGRICULTURE EQUIPMENT.

3. EMBASSY HAS ALSO DISCUSSED OVERALL PROJECT WITH THE BOLIVIAN

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LA PAZ 07299 151246Z

MEMBERS OF THE GROUP HEADED BY NATIONAL PLANNING AS TO WHETHER IT

HAS A REALISTIC CHANCE OF GOING FORWARD. THE BOLIVIAN MEMBERS INCLUDE JORGE LONSDALE, PRESIDENT OF DESTILERIA BOLIVIANA, WHO IS ALSO PRESIDENT OF BOLIVIA'S NATIONAL CONFEDERATION OF BUSINESSMEN, AND FERNANDO KNAUDT, PRESIDENT OF MERCANTILE SUDAMERICANA AND FIRST COUSIN TO PRESIDENT BANZER. BOTH WERE STRONG SUPPORTERS OF PRESIDENT BANZER WHEN HE TOOK POWER AND ARE AMONG A GROUP OF PRESIDENT BANZER'S CLOSEST CIVILIAN ADVISORS. LONSDALE, ESPECIALLY, AS THE PRESIDENT OF AN OLD AND WELL ESTABLISHED BOLIVIAN FIRM, IS CONSIDERED A STABLE AND HIGHLY RESPECTABLE BUSINESSMAN. IN HIS OPINION, THE PROJECT IS VERY LIKELY TO GO FORWARD ALTHOUGH THERE IS SOME OPPOSITION FROM THE SANTA CRUZ AREA (NOW BOLIVIA'S MAJOR SUGAR PRODUCER) BECAUSE OF SANTA CRUZ CONCERN ABOUT A LOSS OF THE LA PAZ SUGAR MARKET. THE PRESIDENT OF CORDEPAZ, JAIME TAPIA (WHO VISITED WITH EX-IM BANK ON AUGUST 2, 1976), HOWEVER, SEEMS DETERMINED TO PUSH THE PROJECT FORWARD.

4. IN EMBASSY'S VIEW, DESPITE THE PROJECT'S HANDICAPS, IT APPEARS TO HAVE GOOD CHANCE OF ULTIMATELY GOING FORWARD AND CONTRACTORS ABLE TO PROVIDE ADEQUATE FINANCING WILL HAVE AN ADVANTAGE IN OBTAINING CONTRACTS FOR THE SUGAR MILL AS WELL AS AGRICULTURAL MACHINERY SUCH AS REFERRED TO IN REF A. THE PRESENCE OF LONSDALE AND KNAUDT ON THE SIDE OF ONE OF THE US BIDDERS ON THE SUGAR MILL IS VERY FAVORABLE TO THE AMERICAN FIRM. WE ALSO UNDERSTAND THAT SUCREST CORPORATION HAS MADE A PRELIMINARY COMMITMENT TO CONSIDER A LONG TERM PURCHASE CONTRACT FOR SUGAR FROM THE PROJECT. WE ALSO UNDERSTAND THAT SOME DISCUSSION OF AN ARRANGEMENT WHEREBY PART OF THE PROCEEDS OF THE SUGAR EXPORTS COULD BE SET ASIDE AS A GUARANTEE FOR THE DEBT SERVICE HAS TAKEN PLACE WITH SUCREST.

5. EMBASSY UNDERSTANDS EX-IM BANK'S CONCERN ABOUT THE VIABILITY AND THE TOTAL FINANCIAL COST OF THIS PROJECT. NEVERTHELESS, IT APPEARS TO US THAT THE PROJECT IS LEKELY TO MOVE FORWARD AND THIS PRESENTS AN OPPORTUNITY FOR AMERICAN FIRMS TO PLAY A MAJOR ROLE IN CONSTRUCTION OF A SUGAR MILL IN BOLIVIA. WE REQUEST THAT EX-IM BANK GIVE SERIOUS CONSIDERATION TO SHARING IN THE FINANCING OF THE PROJECT. ASSUMING THAT NATIONAL PLANNING PROVIDES EX-IM BANK A COPY OF RECENT NEW FEASIBILITY STUDY, WE WOULD APPRECIATE THE BANK'S VIEWS ON THE ECONOMIC FEASIBILITY OF THE PROJECT.

STEDMAN

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 SEP 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976LAPAZ07299  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760348-0735  
**From:** LA PAZ  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760959/aaaabybv.tel  
**Line Count:** 99  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION XMB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 STATE 200681, 76 LA PAZ 6002, 76 STATE 119483, 76 STATE 76  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 08 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <08 JUL 2004 by ellisoob>; APPROVED <25 OCT 2004 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** EX-IM BANK GUARANTEE TO COVER SALE OF AGRICULTURAL EQUIP- MENT TO CORDEPAZ  
**TAGS:** BPRO, BL  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006